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Introduction

These Governance Guidelines of the Board of Directors (Governance Guidelines) of William Osler Health System (Osler) provides comprehensive coverage for the governance and effective leadership of the Board of Directors (Board).

Section 1 of the Governance Guidelines addresses the Roles and Responsibilities of the Board.

Section 2 of the Governance Guidelines addresses Duties, Responsibilities and Expectations of a Director (Duties and Expectations). A separate stand-alone Position Description for an Individual Director to complement these Duties and Expectations has also been created.

Section 3 of the Governance Guidelines addresses *Meetings of Independent Directors Without Management* otherwise known as Informal Sessions of Independent Directors.

1. ROLES & RESPONSIBILITIES OF THE BOARD

The Board is responsible for the governance of the affairs of Osler, including providing independent, effective leadership; supervising the management of Osler’s affairs; and overseeing Osler’s strategy, performance and risks.

The Board sets the “tone” to foster ethical and responsible decision making, appropriate oversight of Management, and best-in-class corporate governance practices.

The Board provides policy direction and maintains ultimate oversight responsibility. It is not the role of the Board to manage Osler, but it is the Board’s role to see that Osler is well managed. Accordingly, the Board maintains the distinction between Board and Management roles while recognizing the interdependence between them.

All Board Members shall have the skills and abilities appropriate to their appointment as Directors. It is recognized that the right mix of experience, competencies and attributes will ensure that the Board will carry out its duties and responsibilities in the most effective manner. Responsibilities for the Board are set out in the sections that follow.

The Board shall:

Strategic Planning, Values, Vision, Mission

- (i) Participate in the formulation and approval of Osler's Values, Vision, Mission;
- (ii) Review and regularly approve a Strategic Plan that is consistent with Osler's Values, Mission, and will enable Osler to realize its Vision. The Board participates in the development of, and approves, the Strategic Plan;
- (iii) Oversee the achievement of the Strategic Directions necessary to achieve the Strategic Plan;
- (iv) Monitor regular progress reports on the achievement of the Key Performance Indicators to measure the achievement of the Strategic Directions and initiatives;
- (v) Take all reasonable steps to ensure that the Board's decisions are consistent with the Strategic Plan, Osler's Values, Vision and Mission and the Board's Ethical Decision Making Framework;
- (vi) Conduct a quarterly review of the Strategic Plan, including Key Performance Indicators as part of a multi-year Strategic Plan;

Quality and Performance Measurement and Monitoring

- (i) Establish a process and schedule for monitoring and assessing performance in areas of Board responsibility, including:
 - a. Fulfilment of the Strategic Directions in a manner consistent with the Values, Vision, and Mission;
 - b. Oversight of the President/CEO's and Chief of Staff's performance;
 - c. Oversight of the quality of patient care and Osler services;
 - d. Oversight of short and long-term financial reporting, financial statements, budgets, operating plans, capital plans, and debt levels;
 - e. External relations, including Osler's relationships with stakeholders, including, the Ministry of Health, patients, nurses, physicians, other professional staff, all employees, the public, local communities, volunteers, donors, suppliers, partners, the media, and government;

- f. Oversight of the Board's effectiveness and contribution;
- (ii) Take all reasonable steps to ensure that appropriate measures of performance have been identified;
- (iii) Monitor Osler's and the Board's performance against approved performance standards and indicators;
- (iv) Take all reasonable steps to ensure that (a) Senior Management has plans in place to address variances from performance standards and indicators; and (b) the Board oversees implementation of such remediation plans;

Financial Stewardship

- (i) Review and approve a Schedule of Financial Signing Authorities;
- (ii) Take all reasonable steps to ensure that (a) plans and information systems are in place to address variances from performance standards and indicators; and (b) the Board oversees implementation of such remediation plans;
- (iii) Take all reasonable steps to ensure stewardship, availability, oversight and allocation of financial resources;
- (iv) Review and approve policies for financial planning, including the annual and long-term operating and capital budgets and plans;
- (v) Monitor financial performance against budget, and direct corrective action if needed;
- (vi) Review and approve investment policies, and monitor compliance thereof, and direct corrective action if needed;
- (v) Take all reasonable steps to ensure the accuracy of financial information through the oversight of Management and approval of annual audited financial statements;
- (vi) Take all reasonable steps to ensure that Management has put measures in place to ensure the integrity of internal controls, and that assurance of the adequacy of such controls is provided to the Board;
- (vii) Take all reasonable steps to ensure that policies and procedures are implemented that are designed to maintain appropriate auditing and accounting principles and practices;
- (viii) Take all reasonable steps to ensure that Osler uses public funds with integrity and honesty, and only for the business of Osler based on the principle of value for

money, and in compliance with applicable legislation and directives;

Oversight of Management, Including Selection, Supervision and Succession Planning for the CEO and Chief of Staff

- (i) Review and approve the Position Description for the CEO and the Chief of Staff;
- (ii) Delegate approval authorities to the CEO and review and revise these authorities as appropriate;
- (iii) Recruit and select the CEO and Chief of Staff as required;
- (iv) Review and approve the CEO's and the Chief of Staff's annual performance goals and objectives;
- (v) Evaluate, in coordination with the Executive Committee, CEO performance and Chief of Staff performance, and recommend to the Board, for review and approval, CEO compensation and Chief of Staff compensation based on such performance;
- (vi) Take all reasonable steps to ensure that written emergency and permanent succession plans are in place for the CEO, the Chief of Staff, and other Senior Management;
- (vii) Exercise oversight of the CEO's supervision of Senior Management as part of the CEO's annual evaluation;
- (viii) Take all reasonable steps to ensure that a process for the selection of Chiefs of Department and other medical leadership positions as required under [By-Law Number 1 Administrative By-law](#) or the [Public Hospitals Act, R.S.O. 1990, c. P.40](#) is accomplished;

Risk Identification, Control and Assurance

- (i) Understand the material risks inherent in Osler's operations and take all reasonable steps to ensure that appropriate risk analysis is performed as part of the Board's decision-making;
- (ii) Receive, review and approve quarterly reports and recommendations on the Enterprise Risk Management Framework, including the identification of material financial and non-financial risks, the internal controls and limitations to mitigate such risks, and assurance that such controls are functioning as intended.
- (iii) Take all reasonable steps to ensure that appropriate programs and processes are in place to protect against risk;

- (iv) Identify unusual risks to Osler and take all reasonable steps to ensure that there are plans in place to prevent and manage such risks;
- (v) Approve annually Osler's Health and Safety policies;
- (vi) Direct the development of a specific risk-based review or audit of Osler as needed;

Stakeholder Relations, Communication and Accountability (see attached list of stakeholders)

- (i) Identify Osler's Stakeholders and understand Stakeholder accountability;
- (ii) Take all reasonable steps to ensure that Osler appropriately complies with legislation and regulation governing Stakeholders, and communicates with Stakeholders in manner consistent with accountability to Stakeholders;
- (iii) Oversees the maintenance of strong Stakeholder relationships;

Governance

- (i) Be responsible for the quality of the Board's own governance;
- (ii) Establish governance structures to facilitate the performance of the Board's role and enhance individual director performance;
- (iii) Be responsible for the recruitment of a skilled, experienced and qualified Board;
- (iv) Take all reasonable steps to ensure ongoing Director training and education;
- (v) Periodically assess and review the Board's governance through evaluating Board structures, including Director recruitment; processes and Board composition and size; the number of Committees and their Terms of Reference; processes for the appointment of Committee Chairs; processes for the appointment of Board Officers; and other governance processes and structures;
- (vi) Annually determine the level of financial literacy of all Board members by conducting an assessment upon initial appointment and by providing the necessary education and training required;

Governance Development and Effectiveness

- (i) With the Governance and Human Resources Committee, oversee the development

and implementation of the Director Orientation Program;

- (ii) With the Governance and Human Resources Committee, oversee the development and implementation of the Director Education Program;
- (iii) Oversee the process of the Governance and Human Resources Committee's annual self-evaluation of Competencies and Attributes possessed by individual Directors;
- (iv) Oversee the process of the Governance and Human Resources Committee's annual evaluation of the effectiveness and contribution of the Board, the Board Committees, all individual Directors, the Chair of the Board (Board Chair) and the Committee Chairs;
- (v) Receive, review and approve a report and recommendations from the Governance and Human Resources Committee on the results of the annual self-evaluation of the Competencies and Attributes possessed by individual Directors, and prospective Directors who possess desired Competencies and Attributes;
- (vi) Receive, review and approve a report and recommendations from the Governance and Human Resources Committee on the results of the annual evaluation of the effectiveness and contribution of the Board, the Board Committees, all individual Directors, the Board Chair and the Committee Chairs;
- (vii) Receive, review and approve a report and recommendations from the Governance and Human Resources Committee on Board and Committee leadership and Committee composition based on (i) the annual evaluation of the effectiveness and contribution of the Board, the Board Committees, all individual Directors, the Board Chair and the Committee Chairs; and (ii) the annual self-evaluation of the Competencies and Attributes possessed by individual Directors;

Compliance

Take all reasonable steps and receive an annual report from Resources and Audit Committee that appropriate processes and other internal controls are in place to ensure compliance with legal requirements applicable to Osler and Osler's Stakeholders;

Ethical Business Conduct

- (i) Guided by the Board's Ethical Decision-Making Framework, foster ethical and responsible decision-making by Management and set the ethical tone for Osler and its Management;
- (ii) Take all reasonable steps to satisfy the Board (i) of the integrity of the CEO, Chief of Staff and Senior Management, and (ii) that the CEO, Chief of Staff and Senior

Management create a culture of integrity throughout Osler.

- (iii) At the recommendation of the Governance and Human Resources Committee, review and approve the *Director Code of Conduct*; take all reasonable steps to ensure alignment between the *Director Code of Conduct* and the *Director Conflict of Interest Policy*, and the *Whistleblower Policy and Procedure*.
- (iv) Monitor compliance with the *Director Code of Conduct*, the *Director Conflict of Interest Policy*, and the *Whistleblower Policy and Procedure*.
- (v) With the Governance and Human Resources Committee and the Board Chair, respond effectively to potential Directorial conflict of interest situations;

Meetings

- (i) Receive a written report from the CEO at each regularly scheduled Meeting on the current matters relevant to Osler;
- (ii) Meet at least four times annually and as many additional times as needed to carry out its duties effectively;
- (iii) Meet, at the Board Chair's discretion, in a separate, independent and non-management informal session of a regularly scheduled meeting of the Board;
- (iv) Meet, at the Committee Chair's discretion, in a separate, independent and non-management informal session of a regularly scheduled meeting of the Committee;

Independent Advisor

- (i) Any Independent Advisor may be requested, by the Board, to present the Independent Advisor's written report to the Board or meet in closed session with the Board; and
- (ii) Receive adequate funding from Osler for Independent Advisors and ordinary administrative expenses that are needed or appropriate for the Board and each Committee to carry out its duties.

2. DUTIES, RESPONSIBILITIES AND EXPECTATIONS OF A DIRECTOR

As a Member of the Board, and in contributing to the collective achievement of the foregoing roles and responsibilities of the Board, the individual Director is responsible for the following:

Fiduciary Duty

Each Director shall act honestly, in good faith, and in the best interests of Osler, and in so doing, will support Osler in fulfilling its Mission and discharging its accountabilities.

Duty of Care

Each Director shall act with a duty of care, which means acting as a reasonably prudent person would act under similar circumstances. Each Director shall apply the level of skill and judgment that may reasonably be expected of a person with the Director's knowledge and experience. Directors with special skills and knowledge are expected to apply that skill and knowledge to matters that come before the Board.

Accountability and Solidarity

A Director's fiduciary duty is owed to Osler. The Director is not solely accountable to any special constituency, i.e., any Stakeholder, including any Stakeholder with which a Director may be affiliated, or any interest. Each Director shall act and make decisions that are in the best interests of Osler, as a whole. A Director is obligated to make a decision that may be adverse to a particular Stakeholder if the Director believes that such a decision is in the best interests of Osler. A Director shall be knowledgeable of the Stakeholders to whom Osler is accountable and shall appropriately take into consideration the interests of such Stakeholders when making a decision as a Director, but shall not prefer or diminish the interests of any one group if to do so would not be in the best interests of Osler. If or when a decision is made by the Board that may be viewed by a Director to be adverse to the interests of one or more Stakeholders, or that may be opposed by a Director, the Director is obligated to demonstrably support such a decision once it is made by the Board.

Orientation and Continuing Education

Each incoming Director shall complete the requirements of the Director Orientation Program within a reasonable period of time after being appointed to the Board.

Each Director shall complete the annual requirements of the Director Education Program.

Each Director shall acquire knowledge and display competency concerning, in no particular order:

- a. The operations of Osler;
- b. The healthcare needs of the community served;
- c. The healthcare sector and legal and regulatory environment;
- d. The duties and expectations of a Director;
- e. The Board's governance role, structures and processes;
- f. Board-adopted governance policies; and
- g. Osler policies applicable to Board members.

In addition to the regularly scheduled Board and Committee Meetings of which a Director is a Member, Directors are required to complete an Orientation Program; prepare and contribute at the Annual Governance and Strategy Retreat, prepare and attend the Annual Meeting; and complete the Education Program. Directors will also be encouraged to attend additional educational conferences in accordance with Board approved policies.

Board and Hospital Policies

A Director shall be knowledgeable of, and comply with, Board and Osler policies that are applicable to the Board, including:

- a. *Director Code of Conduct*;
- b. Confidentiality;
- c. Use of Information Technology;
- d. *Director Conflict of Interest Policy*;
- e. *Whistleblower Policy and Procedure*; and
- f. All Human Resource Policies pertaining to anti-discrimination and respectful workplace.

Teamwork

A Director shall develop and maintain healthy and productive working relations, and work cooperatively and respectfully, with the Board Chair, with other Members of the Board, and with Senior Management.

Community and Foundation Support

A Director shall formally represent the Board and Osler in the community only when asked to do so by, or on behalf of, the Board Chair, or with permission from the Board.

Board Members are required to provide financial support annually to the [William Osler Health System Foundation](#) (Foundation) in accordance with their means and resources, and attend Osler and Foundation sponsored events at which Directors are invited.

Time and Commitment

A Director is expected to commit the time required to prepare for, arrive informed, and participate effectively, in Board and Committee responsibilities, and is expected to adhere to the Board's attendance policy, which requires attendance at no less than seventy-five (75) percent of Board and Committee meetings in a given twelve-month period. Any Director who is absent from three consecutive Meetings of a Committee of which the Director is a Member, or three consecutive Board Meetings, or in either case in a twelve-month period, may be asked to resign from the Committee or Board, respectively, by the Committee or Board Chair.

Contribution to Governance

Directors shall contribute to their governance role by:

- a. Reading materials in advance of meetings and coming prepared to contribute effectively to discussions;
- b. Offering constructive contributions and posing effective, value-added questions during Board and Committee discussions;
- c. Contributing any directorial special expertise or skill as required;
- d. Listening effectively and respecting the views of other Directors;
- e. Voicing a conflicting opinion during Board and Committee meetings, but respecting and supporting the decision of the majority even when the Director may not agree with such decision;
- f. Displaying respect for the role of the Board Chair and the CEO and both incumbents;
- g. Respecting and acting in compliance with the Roles and Responsibilities of the Board, these Governance Guidelines, the Terms of Reference of Board Committees; the Individual Director Position Description; and any other Position Description that may apply to the Director; and
- h. Participating in Board, Board Committee, and individual Director evaluations and annual performance reviews.

Continuous Improvement

A Director shall commit to be responsible for continuous self-improvement. A Director shall receive and act upon the results of the individual Director contribution and effectiveness evaluation in a positive and constructive manner through discussions with the Board Chair and identification of required Professional Development or continuing education.

Term and Renewal

A Director is elected for a term of two (2) years and, pending effectiveness and contribution evaluation, and fulfilment of the competencies and attributes that the Director is expected to bring to the Board, the Director may serve for a maximum of eight (8) years (exclusive of partial terms). A Director's renewal is not automatic and shall depend upon the Director's performance evaluation and employment of competencies and attributes.

Resolution of Conflicts of Interest

Please see the *Director Conflict of Interest Policy*, which is incorporated by reference to this section of these Governance Guidelines.

Disclosure of Conflicts

A Director who comes to acquire, to the best of that Director's knowledge, information or belief, that the Director is in a position of conflict or potential conflict of interest, shall immediately disclose such conflict in writing to the Governance and Human Resources Committee and the Board Chair. The disclosure shall be full, true and plain, so as to disclose the nature and extent of the Director's interest. Disclosure shall be made at the earliest possible time and prior to any discussion and vote on the matter. The Governance and Human Resources Committee shall apply the *Director Conflict of Interest Policy*, review the circumstances of the possible conflict of interest, request further information as required, and make any recommendation to the Board for review and approval.

Abstain from Discussions and Voting

A Director who may have a real or potential conflict of interest shall not be present during the discussion of the matter in which the Director has a conflict, and shall not attempt in any way to influence the voting, or vote on the matter.

All Directors shall comply with the requirements of By-Law Number 1 Administrative By-law (By-laws). It is acknowledged that not all conflicts or potential conflicts of interest may be satisfactorily resolved by strict compliance with the By-laws. There may be cases where the perception of a conflict of interest or other possible breach of duty may be harmful to Osler notwithstanding that there has been compliance with the By-laws.

A Director may be referred to the process outlined below in any of the following circumstances:

Circumstances for Referral

Where any Director believes that that Director or another Director:

- a. Has breached one of the Director's duties to Osler;
- b. Is in a position where there is a potential breach of duty to Osler;
- c. Is in a situation of actual or potential conflict of interest; or,
- d. Has behaved, or is likely to behave, in a manner that is not consistent with the highest standards of public trust and integrity, and such behaviour may have an adverse impact on Osler.

Process for Resolution

The matter shall be referred to the following process:

- a. Refer the matter to the Governance and Human Resources Committee and the Board Chair, or, where the issue may involve the Board Chair, to the Governance and Human Resources Committee, absent the Board Chair if the Board Chair is a member of the Governance and Human Resources Committee, and the First Vice Chair or, in the alternative, the Second

Vice Chair, with notice to the CEO.

- b. The Governance and Human Resources Committee and the Board Chair (or First or Second Vice Chair as the case may be) may either (i) attempt to resolve the matter informally; or (ii) take carriage of the matter formally as the Governance and Human Resources Committee, or refer the matter to an *Ad Hoc* Committee of the Board recommended to be established by the Governance and Human Resources Committee, including the Board Chair, or First or Second Vice Chair, as the case may be. The Governance and Human Resources Committee or the *Ad Hoc* Committee shall review, recommend and report to the Board with a report and recommendation, for review and approval by the Board, after the Governance and Human Resources Committee's or the *Ad Hoc* Committee's review process.
- c. If the matter cannot be informally resolved to the satisfaction of the Governance and Human Resources Committee and Board Chair (or First or Second Vice Chair as the case may be), to the Director referring the matter, and/or to the Director involved, then the Governance and Human Resources Committee and the Board Chair (or Vice Chair as the case may be) shall refer the matter to the process in (b) (ii) above. The Board shall plan after receiving the report and recommendation from the Governance and Human Resources Committee or the *Ad Hoc* Committee, as the case may be.

It is recognized that if a conflict or other matter referred cannot be resolved to the satisfaction of the Board (by simple majority resolution), or if a breach of duty has occurred, a Director may be asked to resign or may be subject to removal pursuant to the By-laws and the [Not-for-Profit Corporations Act, 2010, S.O. 2010, c. 15](#).

3. IN-CAMERA MEETINGS

In-Camera Meetings are minuted sessions of the Board that are generally held for the following purposes: physician matters, employment matters, litigation, negotiation of material contracts, and some governance matters such as evaluation results. Depending on the topic discussed all members of the Board including ex-officio members are required to participate during these sessions.

4. INFORMAL SESSIONS OF INDEPENDENT DIRECTORS ONLY

Informal Sessions of Independent (Elected, Voting) Directors without Management, other Employees, or *ex officio* Directors present, are separate sessions of the Board or Board Committee, held with the Independent Directors only, at the call of the Board or Committee Chair, at the completion, of each Board or Committee meeting. There are no agendas or minutes taken for or at such informal sessions.

Purpose

The purpose of an informal session is to:

- a. Provide an opportunity to assess Board and Committee processes, and particularly the quality of material and information provided by Management, and any other concern(s) that Board or Committee Members may have;
- b. Provide an opportunity for the Board and Committee Chairs, or the Board of Committee, as the case may be, to discuss areas where the performance of Board and Committee Members or Management could be strengthened;
- c. Build relationships of confidence and cohesion among Independent Board and Committee Members.

Process

- a. Informal sessions shall not be considered meetings of the Board or the Committee;
- b. Minutes will not be kept, nor will decisions be made, for informal Committee and Board sessions respectively;
- c. The Board or Committee Chair shall communicate within a reasonable period of time following the informal session with the CEO or direct report to the relevant Board Committee, as the case may be, on any desired messaging from the informal session, without identifying any individual who made any commentary, and any relevant matter raised by the Board or Committee in the informal session.

Membership / Participation

- a. A Director that remains in the informal session of the Board or of the Committee without Management is identified as an "Independent Director," who is defined as a non-employee, non-*ex officio*, elected and voting Director who is, in addition, free of any relationship to Osler or to Management that could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of Osler.
- b. The CEO, the Chief of Staff, the Chief Nursing Executive, and the President and Vice President of the Medical Staff shall not, by the above definition, be considered to be Independent Directors.
- c. The CEO normally will be asked by the Board Chair to participate in the first portion of the informal session of the Board, with other direct reports and Executive Lead present. Then, a "CEO-only" session would occur to have a more candid discussion between the Board and the CEO, and the CEO and Board, without direct reports to the CEO present.

Governance Guidelines Amendment and Review

To honor the spirit and intent of applicable law as it evolves, the authority to make minor technical amendments to these Governance Guidelines of the Board is delegated to the Director, Board Relations, who will report any amendments to the Governance and Human Resources Committee at its next meeting.

As directed by the Board or recommended by the Governance and Human Resources Committee, these Governance Guidelines will be evaluated by the Governance and Human Resources Committee, and updates and revisions shall be recommended to the Board for review and approval.

Review Date: 2022